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SENSITIVE  
SIPDIS  
AF/S FOR B. WALCH  
INR FOR T. CHOJNACKI  
AF/PD FOR C. ANYANSO  
JOHANNESBURG FOR RCO KENT MAY  
STATE PASS TO USAID FOR L.DOBBS AND E.LOKEN

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SUBJECT: WAITING FOR THE 2010 WORLD CUP TO BE OVER

¶1. (U) SUMMARY: In spite of the Zimbabwean government's attempt to hype the 2010 World Cup's ability to bring in a large influx of tourists, businesses in Victoria Falls are projecting a significant decrease in business. With the exception of the Zimbabwe Tourism Authority (ZTA), business interlocutors in Victoria Falls told us they had made no contingency plans for a large influx of tourists from the 2010 World Cup. Most admitted they did not know what to expect and that there had thus far been no coordination with either ZTA or the Government of Zimbabwe (GOZ). Currently, the hotel reservation rate in Victoria Falls, the largest tourism venue in Zimbabwe, is down 30 percent (from normal June periods) for the month of June 2010. Hotel and safari operators blame the World Cup because airlines have raised ticket prices for June. Hoteliers and safari operators are already predicting that 2010 will be the worst year for hotels in Victoria Falls in the last 15 years. END SUMMARY.

NO RESERVATIONS, BUT ZTA EXPECTS RECORD TRAFFIC  
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¶2. (SBU) During a recent consular visit to Victoria Falls on January 15 and 16, Conoff and the Consul from the Australian Embassy met with ZTA, airport authorities, immigration officials, and local hotel and safari operators to discuss their preparations for spill-over tourism resulting from World Cup 2010. The obligatory first stop was the ZTA office in Victoria Falls, a parastatal under the Ministry of Tourism and Hospitality Industry. ZTA nationally is led by Karikoga Kaseke, a ZANU-PF strongman, who is also a former governor of Matabeleland North, the province where Victoria Falls is located.

¶3. (SBU) The director of the ZTA's Victoria Falls office, Petty Kateketa, gushed that she and ZTA were anticipating a record level of tourists to visit Victoria Falls. Because ZTA believed that the hotels would be over-subscribed by soccer fans and normal tourists, they were already meeting with homeowners to persuade them to rent private rooms to tourists. When asked about the current reservation rate at hotels, Kateketa admitted that very few bookings had been made as of January 15, but she expected that this would quickly change after it was announced that one of the World Cup soccer teams would be staying and practicing in Victoria Falls. (NOTE: Zimbabwe hopes to entice one of the participating World Cup teams to train in Zimbabwe. To date, none of the teams have given any indication that they would use Zimbabwe as a training camp. Most observers believe this scenario to be unlikely, particularly after the Africa Cup of Nations incident in Angola where two members of the Togolese delegation were killed, and in light of the world wide perception that there is still unrest in Zimbabwe. END NOTE.)

¶4. (SBU) Kateketa dismissed Conoff's suggestion that Victoria Falls lacked the capacity to absorb a large number of last-minute tourists. She stated that the June 2009 summit of the Common Market for Eastern and Southern Africa (COMESA) held in Victoria Falls had demonstrated that Zimbabwe could accommodate a large number of tourists on short notice. Kateketa also cited the high hotel occupancy rate in Victoria Falls during New Year's, which resulted from the inauguration of a new musical festival. (NOTE: COMESA

delegates generally all used diplomatic passports and were flown into Zimbabwe on planes owned by their respective countries. The normal services required by a tourist such as immigrations services or commercial flights were not needed. As for New Year's, the majority of these attendees were Zimbabweans who arrived by vehicle, with a small percentage of South Africans and Zambians, so most of the attendees drove themselves to Victoria Falls and did not use immigration services or airport facilities. END NOTE.)

15. (SBU) When asked to explain how the GOZ planned to accommodate a large number of foreign tourists with limited runway space and no capacity for night landings at the Victoria Falls airport, Kateketa referred Conoff to the ZTA office in Harare for details. She did state that ZTA planned to work with Air Zimbabwe to increase the number of flights and that she expected many tourists would enter through the ports of entry in Zambia and Botswana. (COMMENT: Air Zimbabwe currently has one daily flight to Victoria Falls and that is often delayed due to mechanical and scheduling problems. It is unlikely that Air Zimbabwe could handle more than two flights a day. END COMMENT.)

16. (SBU) Kateketa justified the lack of preparations thus far by stating that ZTA was waiting for the U.S. Embassy to inform it of the number of American tourists who would be coming to Victoria Falls. Kateketa believed that we could give her an accurate forecast of incoming tourists based on passport applications filed in the U.S. Kateketa doubtfully accepted Conoff's explanation that U.S. citizens are not required to inform the U.S. government where they are

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traveling. She then asked how many inquiries the Embassy had received from American citizens about the World Cup and related travel to Zimbabwe. After being told that there had been no inquiries from American citizens, she stated that this was because it was still too soon to make travel plans and she expected it would change in February.

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IMMIGRATION HOPES VISITORS HAVE VISAS  
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17. (SBU) The Immigration Office in Victoria Falls, represented by a Mr. Mabika, agreed to meet with Conoff only after a diplomatic note was submitted to the Ministry of Foreign Affairs. Mabika stated that Immigration could be ready at "a moment's notice" to handle a large influx of visitors. He speculated that, if necessary, Immigration would take staff from the smaller ports of entry to add officers to the airport, although no such plans had been made. Mabika hoped that World Cup tourists would be Americans because "they always arrived with visas rather than requesting them at the airport." He admitted that the immigration office at the airport was small and typically did not have more than a couple of inspectors on duty, which caused long delays when tourists didn't already have visas.

18. (SBU) Mabika admitted immigration authorities had not made plans to meet with their counterparts across the border in Zambia to discuss how to coordinate increased traffic at the border between Livingston and Victoria Falls. (COMMENT: This is striking given the fact that the airport in Livingston has more daily flights than the airport in Victoria Falls. The failure to try to reach some accommodation with Zambian Immigration will most likely result in fewer tourists crossing into Zimbabwe. Already, Zambia has a dedicated window at Immigration for tourists crossing by foot, or in hotel vans from the Zimbabwe side, which is separate from the line for daily crossers or truck traffic. Zimbabwean Immigration does not offer a similar service to tourists crossing from the Zambian side. END COMMENT.)

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NO PLANES PARKING  
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19. (U) The Victoria Falls Airport is a small regional airport falling under the jurisdiction of the Zimbabwe Civil Aviation Authority. It operates 12 hours a day and has no capacity for night flights since it lacks runway lights. (NOTE: Only Bulawayo and Harare have landing

lights, and those are often incapacitated, including once by roaming warthogs. END NOTE.) Currently, it handles two flights a day. According to airport officials, the airport can handle a maximum of ten flights landing a day, providing no aircraft park or refuel. If the World Cup results in increased flights, arrangements would have to be made to park planes overnight, possibly in Bulawayo or Livingston.

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WAITING FOR WORLD CUP TO BE OVER  
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¶10. (SBU) In candid discussions with Conoff, hoteliers and safari operators said that they expected tourism to be low for the entire period of the World Cup. One hotel operator bemoaned, "I'm just waiting for World Cup to be over so I can see if I will have enough business to actually survive this year." They complained that ZTA had greatly exaggerated the benefits that the World Cup championship would have for Zimbabwean tourism. In fact, many thought this was ZTA's attempt to escape the very real and immediate problems facing the tourism sector. As of January 15, hotel bookings in Victoria Falls were down approximately 30 percent for June 2010 versus June ¶2009. Making matters even worse, 2009 was the worst year on record for the tourism sector in Zimbabwe. As one hotelier said, "we lost more tourists to the threat of cholera than we ever lost during all the political violence stemming from the 2008 elections."

¶11. (SBU) As the threat of another record low year for tourists visiting Zimbabwe begins to materialize, hoteliers and safari operators are banding together to share their collective economic pain with the ZTA. They are actively lobbying for the ZTA to be disbanded and the current 2 percent tax that ZTA collects from all hotel guests to be directed to the Ministry of Tourism. This tax was originally levied as a way of paying for non-infrastructure investments to support tourism in Zimbabwe, such as the tourism police. However, the ZTA has never taken on this responsibility.

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Hotel managers told us the money had been siphoned off by Kaseke and his cronies for their personal use. During Zimbabwe's hyperinflation, hotel operators were willing to pay the 2 percent tax and receive no services in return. However, as the hotel occupancy rate has plummeted and operating costs have tripled (due to the adoption of the U.S. dollar as the official currency), these operators say they can no longer afford the corrupt ZTA.

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DO-OR-DIE YEAR  
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¶12. (SBU) Most hoteliers interviewed told us this was a do- or-die year for them. Victoria Falls Safari Lodge -- one of the highest rated and busiest hotels in Victoria Falls -- shared its statistics with Conoff. According to the hotel's statistics, the hotel occupancy rates for Americans and South Africans decreased from 2008 to 2009 by 22 percent and 16 percent respectively. Since American and South African tourists account for most of the tourism, this was a particularly troubling development. Similarly, total hotel occupancy rates in Zimbabwe declined 16 percent from 2007 to 2009.

¶13. (SBU) Compounding the problem of low occupancy rates are high operating expenses, especially for electricity. Operators say electricity rates in Zimbabwe are the highest in the region. In December the Safari Lodge paid US\$14,000 for electricity while the Kingdom Hotel paid US\$25,000. The hotels have lobbied the Zimbabwe Electricity Supply Authority (ZESA) and the GOZ to reduce rates so that hotels in Zimbabwe pay rates comparable to those in Zambia and Botswana. Unfortunately, with significant projected shortfalls in ZESA's operating budget, the situation appears unlikely to change in the short-term.

¶14. (SBU) The hotels have also faced a significant increase in what had been their cheapest operating expense: labor. The hoteliers stated that with few exceptions they all pay their hotel staff a minimum wage of US\$150 a month. Just a year ago, these same hotels

paid approximately US\$50 in cash and goods to these same employees. So far, most hotels have managed to resist laying off full-time staff, but they are letting positions remain vacant and they have reduced temporary staff. As costs continue to rise, most hotel managers say that they will now have to invest in mechanization for daily operations (e.g. sprinkler systems to replace gardeners and electric dishwashers to replace hand washing) as the cost of labor becomes prohibitive. At the Victoria Falls Safari Lodge alone, an investment in mechanization would cut 40 jobs. For the moment, many of these hotels cannot afford the initial investment to mechanize.

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COMMENT  
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15. (SBU) Tourism is one of the main pillars of the Zimbabwean economy and critical to the overall economic recovery of Zimbabwe. For more than a year now, the GOZ and the tourism sector have viewed the World Cup as an opportunity to resuscitate tourism in Zimbabwe. Instead, the World Cup has actually decreased the number of tourists visiting Victoria Falls, which has both short and long-term implications for tourism in Zimbabwe. Already, several safari operators in Victoria Falls have moved their operations to the Zambian side in an effort to capture more tourist dollars. The loss of these businesses means fewer venues to attract tourists to the Zimbabwean side of Victoria Falls. Without a vibrant tourism industry in Victoria Falls, it is unlikely that tourists will come to Zimbabwe and visit lesser known tourist attractions outside Victoria Falls. Like other sectors of the Zimbabwean economy, tourism is unlikely to recover without a greater commitment of resources from the GOZ. Even with additional resources, Victoria Falls may have a difficult time recovering as Livingston in Zambia becomes known as the gateway to Victoria Falls. END COMMENT.  
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